

**YELLOWKNIFE BASE METALS
LIMITED**

ANNUAL REPORT 1969

YELLOWKNIFE BASE METALS LIMITED

Directors

ANDREW A. AZZARA - - - Brooklyn N.Y.
DAVID A. BALFOUR - - Winnipeg, Manitoba
GARY T. BRAZZELL - - Winnipeg, Manitoba
PETER O. HEADLEY - - - New York, N.Y.
MORTON SCHIFF - - - - New York, N.Y.

Officers

PETER O. HEADLEY - - - - - President
MORTON SCHIFF - - - Secretary-Treasurer
GARY T. BRAZZELL - - Assistant-Treasurer

Registrar and Transfer Agent

MONTREAL TRUST COMPANY
Winnipeg, Manitoba — Toronto, Ontario

Auditors

NEFF, GOODWIN & Co.,
Toronto, Ontario

Head Office

600 Montreal Trust Building
213 Notre Dame Avenue
Winnipeg, Manitoba

YELLOWKNIFE BASE METALS LIMITED

DIRECTORS' REPORT

TO THE SHAREHOLDERS:

With this third annual report of your company are financial statements for the fiscal year ended August 31, 1969.

The company's claims in the Pine Point region of the Northwest Territories are maintained in good standing. Work carried out on the 76-claim property has indicated a zone carrying 338,125 tons averaging 6% zinc and 1.736% lead. Diamond drilling was also conducted on a claim group optioned from New Park Mining Company. Results of the drilling on the optioned claim were disappointing and the option has been dropped.

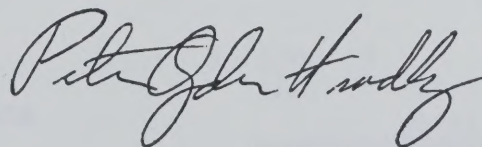
For its own property, management of Yellowknife Base Metals is hopeful that conditions will ultimately make this an economic mineral situation.

In northern Ontario, in the James Bay Lowlands region, your company had acquired a 90% interest in a 144-claim group adjoining property under development by Imperial Oil Limited and Consolidated Morrison Explorations Limited.

Information yielded by the extensive diamond drilling program conducted has not been sufficiently encouraging to warrant continuation of the program. However, the company retains interest in a number of claims in this potentially valuable mineral region.

The company is presently considering participation in mineral search programs in other areas of the country. Management will report on these activities when arrangements have been completed.

On behalf of the board,



Peter O. Headley,
President.

Winnipeg, Manitoba,
February 14, 1970.

YELLOWKNIFE BASE METALS LIMITED

(Incorporated under the laws of Manitoba)

BALANCE SHEET

AS AT AUGUST 31, 1969

ASSETS

	1969	1968
Current assets:		
Cash	\$ 15,967	\$ 136,565
Cash on deposit		100,000
Due from a director		20,000
Due from associated companies	23,691	21,181
Accountable exploration advances	5,000	28,725
	44,658	306,471
Mining claims — at cost	90,001	90,002
Deferred exploration expenditure	619,242	417,579
Organization expense		4,164
	<u>\$ 753,901</u>	<u>\$ 818,216</u>

LIABILITIES

Current liabilities:		
Accounts payable and accrued liabilities	\$ 3,324	\$ 37,329
Advances from an associated company		6,059
	<u>3,324</u>	<u>43,388</u>

SHAREHOLDERS' EQUITY

Capital stock:		
Authorized: 3,000,000 shares of \$1.00 each		
Issued and fully paid: 2,680,005 shares	2,680,005	2,680,005
Less: Discount on shares	1,872,000	1,872,000
	808,005	808,005
Deficit	57,428	33,177
	<u>750,577</u>	<u>774,828</u>
	<u>\$ 753,901</u>	<u>\$ 818,216</u>

AUDITORS' REPORT

To the Shareholders of
YELLOWKNIFE BASE METALS LIMITED.

We have examined the balance sheet of Yellowknife Base Metals Limited as at August 31, 1969 and the statements of deficit, deferred exploration expenditure and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Company as at August 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
September 29, 1969.

NEFF, GOODWIN & Co.,
Chartered Accountants.

YELLOWKNIFE BASE METALS LIMITED

STATEMENT OF DEFERRED EXPLORATION EXPENDITURE FOR THE YEAR ENDED AUGUST 31, 1969

	1969	1968
Pine Point claims:		
Diamond drilling	\$ 124,554	\$ 212,921
Geophysical surveys		66,430
Consulting fees and expenses	8,189	48,616
Assaying	1,154	5,894
Supplies	366	4,620
Travel and transportation	3,166	1,228
Telephone and telegraph		1,962
Licences, fees and taxes	306	
	<u>137,735</u>	<u>341,671</u>
James Bay option:		
Diamond drilling	58,184	6,780
Consulting fees and expenses	6,383	1,735
Wages	2,400	
Assaying	90	
Supplies	553	
Travel and transportation	1,949	1,135
Licences, fees and taxes		617
	<u>69,559</u>	<u>10,267</u>
Pine Point option:		
Geophysical surveys		5,631
	<u>207,294</u>	<u>357,569</u>
Expenditures on mining claims abandoned, written off to deficit, Pine Point option	5,631	
	<u>201,663</u>	<u>357,569</u>
Balance, beginning of the year	417,579	60,010
Balance, end of the year	<u>\$ 619,242</u>	<u>\$ 417,579</u>

SCHEDULE OF ADMINISTRATION EXPENDITURE FOR THE YEAR ENDED AUGUST 31, 1969

Head office fees	\$ 3,700	\$
Legal and audit fees	1,001	9,919
Advertising and publicity		4,765
Transfer agents fees	3,794	2,689
Printing	771	2,075
Travel	3,040	1,974
Office supplies and expense	6,178	1,806
Government fees and taxes	50	193
	<u>18,534</u>	<u>23,421</u>
Less: Interest earned	4,079	2,301
	<u>\$ 14,455</u>	<u>\$ 21,120</u>

YELLOWKNIFE BASE METALS LIMITED

STATEMENT OF DEFICIT FOR THE YEAR ENDED AUGUST 31, 1969

	1969	1968
Balance, beginning of the year	\$ 33,177	\$ 12,057
Administration expenditure	14,455	21,120
Acquisition cost and exploration expenditure on mining claims abandoned	5,632	
Organization expense	4,164	
Balance, end of the year	<u>\$ 57,428</u>	<u>\$ 33,177</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED AUGUST 31, 1969

Source:	1969	1968
Issue of 1,200,000 shares of capital stock	\$	\$ 645,000
Interest earned	4,079	2,301
	<u>4,079</u>	<u>647,301</u>
Application:		
Exploration expenditure	207,294	357,569
Administration expenditure	18,534	23,421
Acquisition cost of mining claims		15,001
	<u>225,828</u>	<u>395,991</u>
Increase (decrease) in working capital	(221,749)	251,310
Working capital, beginning of the period	263,083	11,773
Working capital, end of the period	<u>\$ 41,334</u>	<u>\$ 263,083</u>

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 1969

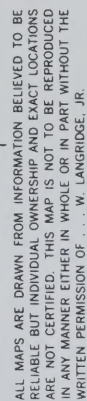
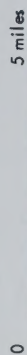
1. Mining properties:

76	mining claims (33 of which have been abandoned) in the Pine Point Area, Northwest Territories acquired for 750,000 shares of capital stock valued by the directors at 10 cents per share	\$ 75,000
90%	interest in 34 mining claims in the James Bay Lowlands Area, Larder Lake Mining Division, Ontario, acquired under an exploration programme	1
	Option on 88 mining claims in the Pine Point Area, Northwest Territories at option cost to date	15,000
	In order to fully exercise this option the Company could be required to incorporate a new company on or before December 31, 1969 to acquire the claims. The option would be entitled to one third of the vendor shares issued by the new company for the mining claims.	
		<u>\$ 90,001</u>

2. Directors and senior officers remuneration:

During the year ended August 31, 1969 no direct remuneration was paid to directors and senior officers.

PINE POINT AREA - N.W.T.:



LANGRIDGE LIMITED

Sept. 19, 1967

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